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SEP 17 2007

Application Serial No. 09/373,926

IN THE DETAILED DESCRIPTION:

KG Please replace the paragraph beginning at line ²²~~20~~ of page 42 with the following:

5 4. Policies with an officer who is currently or was recently an officer on
a different policy and where the new policy has a lower experience
modification rate than the previous policy. The logic here attempts to
identify policies that may be evading high experience modification rates by
closing the company and re-opening it under a new name. Policies that
10 ~~have a class code on a claim for which no premium was reported at the
time the claim was opened. The logic here is similar to the first rule,
except in this case the job class code is listed on the payroll report but no
payroll is reported in that class code. This may imply that the employer is
misrepresenting the job classifications of their payroll in order to lower
their premium.~~

15 5. Policies that have a class code on a claim for which no premium
was reported at the time the claim was opened. The logic here is similar to
the first rule, except in this case the job class code is listed on the payroll
report but no payroll is reported in that class code. This may imply that the
20 employer is misrepresenting the job classifications of their payroll in order
to lower their premium.

25 Each rule in the rule-based analysis 620 flags any policies that
violate the rule. These flags can be used to create lists of violators,
which are useful complements to the scores from the predictive
model 622. As noted above, in a workers' compensation
implementation, policies with zero payroll are not scored by the
predictive model 622, so without the rule-based analysis,
30 suspicious policies in that group would not be evaluated. While the
exclusion of such policies from the predictive model 622 is